



INTERMOUNTAIN POWER SERVICE CORPORATION

Station Uprate Operational Guidance Manual

II. Station Uprate Project Economics

Analysis of individual plant systems provided the basis both for confidence in achieving the target gross generation output of 950MW on each unit and for preparing project estimates for the required modifications in each case. A conservative but responsible total estimate of \$36 million was originally set and approved for completion of the uprate on both Units 1 & 2 at Intermountain.

With time, the detailed design of the various modifications has provided more accuracy in the project estimates. As shown in the attached economic breakdown, a high confidence estimate of total project costs now sits at \$26.7 million. Approximately \$10 million under the original conservative estimate.

Using a conservative (lower end) cost of replacement energy of \$25/MWH and a nominal capacity factor of 90%, the uprate is expected to pay for itself within one year of operation. The cost of the additional generation produced by the uprate project is less than half the nominally specified replacement power cost for IPP.

Many of the concerns, associated with availability of power, in existence at the time the project was initiated are now lessened. However, current market trends in gas and oil prices will make these currently attractive megawatts, increasingly valuable.